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**REGINA COELI CHILD
DEVELOPMENT CENTER
FIN: 72-0680604**

Audits of Financial Statements

May 31, 2011 and 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **MAR 07 2012**

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Independent Auditor's Report

To the Board of Directors
Regina Coeli Child Development Center
Robert, Louisiana

We have audited the accompanying statements of financial position of Regina Coeli Child Development Center (the Center), a non-profit organization, as of May 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Regina Coeli Child Development Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Regina Coeli Child Development Center as of May 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2012, on our consideration of Regina Coeli Child Development Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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Our audits were conducted for the purpose of forming an opinion on the basic financial statements of Regina Coeli Child Development Center's basic financial statements taken as a whole. The accompanying Schedule of Board Members is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements of Regina Coeli Child Development Center. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script, appearing to read "LaForte".

A Professional Accounting Corporation

February 6, 2012

REGINA COELI CHILD DEVELOPMENT CENTER
Statements of Financial Position
May 31, 2011 and 2010

	2011	2010 (Restated)
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 261,261	\$ 105,067
Grants Receivable	995,442	1,260,806
Other Receivables	11,123	19,920
Deferred Expenses	3,637	1,701
Inventory	3,259	4,194
Total Current Assets	1,274,722	1,391,688
Property, Plant and Equipment		
Construction in Progress	150,110	48,928
Land	1,268,997	1,255,954
Buildings	10,855,519	9,847,959
Vehicles	1,011,426	1,212,425
Equipment	684,949	612,829
Leasehold Improvements	881,828	905,711
	14,852,829	13,883,806
Less Accumulated Depreciation and Amortization	(4,335,667)	(4,180,361)
Total Property, Plant and Equipment, Net	10,517,162	9,703,445
Other Assets		
Restricted Cash for Loan Repayment	66,257	61,405
Loan Fees, Net	43,030	46,340
Total Other Assets	109,287	107,745
Total Assets	\$ 11,901,171	\$ 11,202,878
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 1,083,745	\$ 1,285,925
Construction Payable	13,643	-
Capital Lease Payable, Current Portion	8,455	8,455
Construction Loan Payable	411,105	-
Notes Payable, Current Portion	270,875	258,664
Total Current Liabilities	1,787,823	1,553,044
Long-Term Liabilities		
Capital Lease Payable, Net of Current Portion	10,569	19,155
Notes Payable, Net of Current Portion	3,033,973	3,304,848
Total Long-Term Liabilities	3,044,542	3,324,003
Total Liabilities	4,832,365	4,877,047
Net Assets - Unrestricted	7,068,806	6,325,831
Total Liabilities and Net Assets	\$ 11,901,171	\$ 11,202,878

The accompanying notes are an integral part of these financial statements

REGINA COELI CHILD DEVELOPMENT CENTER
Statements of Activities
For the Years Ended May 31, 2011 and 2010

	2011	2010 (Restated)
Revenues		
Grants	\$ 15,796,846	\$ 15,311,904
Goods and Services Contributed	2,129,953	2,065,890
Cash Contributions	108,207	82,774
Gain on Sale of Assets	2,500	-
Other Income	191	28,075
Total Revenues	18,037,697	17,488,643
Expenses		
Personnel	9,237,512	9,108,252
Fringe Benefits	2,197,643	2,046,946
Goods and Services Contributed	2,129,953	2,065,890
Food Costs	671,773	655,878
Occupancy	509,584	844,956
Depreciation	399,349	380,361
Travel	359,376	350,594
Training	298,774	201,879
Other Supplies	289,686	304,227
Educational Supplies	281,094	236,981
Insurance	200,074	271,687
Consultants	154,259	142,569
Interest Expense	149,550	149,032
Other	134,951	130,405
Fundraising Costs	22,720	22,278
Amortization	3,310	3,310
Loss on Sale of Assets	-	3,253
Total Expenses	17,039,608	16,918,498
Change in Net Assets	998,089	570,145
Extraordinary Item - Loss on Disposal of Assets (Note 14)	(255,114)	-
Change in Net Assets, After Extraordinary Item	742,975	570,145
Net Assets, Beginning of Year	6,325,831	5,755,686
Net Assets, End of Year	\$ 7,068,806	\$ 6,325,831

The accompanying notes are an integral part of these financial statements

REGINA COELI CHILD DEVELOPMENT CENTER
Statements of Cash Flows
For the Years Ended May 31, 2011 and 2010

	2011	2010 (Restated)
Cash Flows from Operating Activities		
Change in Net Assets	\$ 742,975	\$ 570,145
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
(Gain) Loss on Sale of Assets	(2,500)	3,253
Extraordinary Item - Loss on Disposal of Assets	255,114	-
Depreciation	399,349	380,361
Amortization	3,310	3,310
Decrease (Increase) in Grants Receivable	265,364	(107,896)
Decrease (Increase) in Other Receivables	8,797	(19,920)
Increase in Deferred Expenses	(1,936)	(1,701)
Decrease (Increase) in Inventory	935	(1,247)
(Decrease) Increase in Accounts Payable and Accrued Expenses	(202,180)	285,406
Net Cash Provided by Operating Activities	1,469,228	1,111,711
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(1,468,180)	(820,434)
Proceeds from the Sale of Fixed Assets	2,500	1,051
Net Cash Used in Investing Activities	(1,465,680)	(819,383)
Cash Flows from Financing Activities		
Increase (Decrease) in Construction Payable	13,643	(256,600)
Principal Payments on Notes Payable	(258,664)	(249,948)
Proceeds from Construction Loan	411,105	-
Increase in Restricted Cash	(4,852)	(4,845)
Payments on Capital Lease Payable	(8,586)	(8,455)
Net Cash Provided by (Used in) Financing Activities	152,646	(519,848)
Net Increase (Decrease) in Cash and Cash Equivalents	156,194	(227,520)
Cash and Cash Equivalents, Beginning of Year	105,067	332,587
Cash and Cash Equivalents, End of Year	\$ 261,261	\$ 105,067

The accompanying notes are an integral part of these financial statements

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

A summary of Regina Coeli Child Development Center's (the Center) significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows

History of the Center

The Center is a non-profit center that operates Head Start programs in Southeast Louisiana. The Center has been in existence since 1969. It operates sixteen centers, including Head Start and Early Head Start programs, in the six parishes of Livingston, St. Helena, St. Tammany, Tangipahoa, Washington, and Ascension. The Center provided service to 2,035 and 1,852 children and families during the years ended May 31, 2011 and 2010, respectively. The goal of the Center is to improve the educational and economical opportunity of those it serves.

Presentation of Financial Statements

The Center has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 958-205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASC No. 958-205, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Center is required to present a statement of cash flows.

The Center has also adopted FASB ASC No. 958-605, *Revenue Recognition - Contributions Received*, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor restrictions. The adoption had no cumulative effect on net assets at the date of the adoption. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor-imposed time or purpose restrictions. For the years ended May 31, 2011 and 2010, the Center had no temporarily restricted or permanently restricted revenues or net assets.

FASB ASC No. 958-605 requires that in-kind contributions be recorded at their fair market value and accounted for as revenue when received and as an asset, reduction in a liability or an expense depending on the form of the benefits received. Contributions of services are to be recognized if the services received either (1) enhance a non-financial asset or (2) require specialized skills and would need to be purchased if not provided by donation.

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Presentation of Financial Statements (Continued)

Services valued at \$1,267,590 and \$1,145,763 during the years ended May 31, 2011 and 2010, respectively, did not meet the criteria of FASB ASC No. 958-605 and were not recognized. The following is a recap of in-kind contributions recognized in the years ended May 31, 2011 and 2010:

	2011	2010
Rental of Facilities	\$ 308,705	\$ 242,219
Occupancy and Other Operating Expenses	515,149	630,913
Supplies	179,473	191,123
Transportation	234,838	217,752
Other Services	891,788	783,883
Total	<u>\$ 2,129,953</u>	<u>\$ 2,065,890</u>

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the Center are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Grant Control/Support

The Head Start and Early Head Start funds from the Department of Health and Human Services are recognized as revenue based on the program's approved grant award. The Child Care Food Program revenue is based on a predetermined reimbursement rate for the number of meals served.

The Center is required to ensure that expenditures under the various grants and reimbursement programs comply with the related grant or program guidelines for allowable costs. The funding agencies for these programs could require the return of expenditures that do not meet their guidelines.

Grant and Reimbursement Contract Revenues

Funds due from various funding sources under grants and reimbursement contracts are recognized as revenues in the accounting period when the expenses are incurred and the grant funds are earned.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Concentrations of Credit Risk

The Center periodically maintains cash in bank accounts in excess of insured limits. The Center has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Approximately 81% and 76% of the Center's funds during the years ended May 31, 2011 and 2010, respectively, are derived from grants from the U.S. Department of Health and Human Services. Any loss of such funding could cause a severe financial impact on the Center's operations.

Inventory

Inventory consists of food used in the Child Care Food Program. Inventory is accounted for on a lower of cost or market (first in, first out) basis.

Income Taxes

The Center is exempt from federal and state corporate income taxes under section 501(c)(3) of the Internal Revenue Code.

Statements of Cash Flows

For purposes of the statements of cash flows, the Center considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash paid for interest during the years ended May 31, 2011 and 2010, totaled \$149,550 and \$149,032, respectively.

Restricted Cash

Restricted cash reported as a non-current asset in the statement of financial position is restricted by the U.S.D.A. in order to conform to certain debt covenants.

Note 2. Grants Receivable

The balance of grants receivable consists of the following:

	2011	2010
Federal Grants		
Head Start Program	\$ 905,454	\$ 699,404
Migrant Head Start Program	-	329,316
Child Care Food Program	89,988	232,086
Total	\$ 995,442	\$ 1,260,806

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 3. Fixed Assets

All assets purchased having a cost or estimated fair value equal to or greater than \$5,000 are capitalized and depreciated

Buildings, vehicles, and equipment are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Depreciation of all exhaustible fixed assets is charged as an expense. Depreciation has been calculated using the straight-line method. For the years ended May 31, 2011 and 2010, depreciation expense totaled \$399,349 and \$380,361, respectively.

The estimated useful lives are as follows:

Description	Estimated Lives
Buildings	40 Years
Modular Building	15 Years
Vehicles	10 Years
Equipment	5 - 10 Years
Leasehold Improvements	10 - 30 Years

Note 4. Retirement Plan

The Center sponsors a profit sharing plan under Section 404(c) of the Internal Revenue Code. The Plan is a defined contribution plan covering all full-time employees of the Center who are age eighteen or older. Employees are enrolled as active participants on the first day of the month coinciding with or immediately following the date eligibility requirements are met. Each year, participants may make salary deferral contributions in any percentage from 1% to 100% of compensation subject to the maximum amount permitted by law. The value of a participant's account attributable to their contributions is always fully vested. Each plan year the Board of Directors will determine the amount of the employer contribution (if any) that will be made for all eligible participants who are actively employed on the last day of the plan year, which is December 31st. The plan has a five-year vesting schedule for employer contributions as follows:

Year	Percent
0 to Less than 2 Years	-0-%
2 Years	25%
3 Years	50%
4 Years	75%
5 or More Years	100%

A participant becomes fully vested in his or her entire account when he or she reaches either early retirement or normal retirement age.

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 4. Retirement Plan (Continued)

During the years ended May 31, 2011 and 2010, \$422,014 and \$275,754, respectively, was contributed to the plan for the benefit of the plan participants employed by the Center, which is included in fringe benefits in the statements of activities

Note 5 Loan Issuance Costs

In 2005, the Center incurred loan issuance costs of \$66,200. The Center amortizes these loan costs annually. The amortization expense was \$3,310 for each of the years ended May 31, 2011 and 2010.

Note 6. Construction Loan Payable

In October 2010, the Center obtained a construction loan from a financial institution for the purpose of purchasing a new center and construction at the new center's location. The Center may draw up to \$695,000, with the draw period ending on November 1, 2011. During the draw period, the Center will make interest only payments at 3.320 percentage points over the Treasury Securities Rate, as defined in the promissory note. Principal payments will begin on December 1, 2011, with the principal balance amortized over a period of 240 months and the final payment due on November 1, 2016. As of May 31, 2011, the construction loan had a principal balance of \$411,105, with interest accruing at a rate of 5.090%.

Note 7. Notes Payable

A summary of notes payable for purchases of Head Start facilities is as follows:

	2011	2010
6.80% Variable rate mortgage payable to a bank, secured by real estate, due in monthly installments of \$1,284 through May 2018	\$ 18,864	\$ 32,809
4.875% Mortgage payable to U.S.D.A. Rural Economic and Community Development, secured by real estate, due in monthly installments of \$3,933 through October 2027	530,251	551,044
6.00% Mortgage payable to an individual, secured by real estate, due in monthly installments of \$3,575 through October 2023	374,983	394,742

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 7. Notes Payable (Continued)

	2011	2010
Variable rate revenue bonds payable to a bank, secured by letter of credit from another bank, due in monthly payments of interest only, and one principal payment annually through July 2024. Fees for this loan include a trustee fee of \$1,500 annually, a remarketing fee of \$875 quarterly and a quarterly letter of credit fee calculated at 1.25% per annum of the outstanding principal balance	2,380,750	2,584,917
Total	3,304,848	3,563,512
Less: Current Portion	(270,875)	(258,664)
Total Long-Term Portion	\$ 3,033,973	\$ 3,304,848

The Center makes monthly payments to the paying agent who deposits the payments into an escrow account until the due date of the principal. The Center considers these monthly payments to the escrow agent as principle payments on the bond.

Principal payments required in future years as of May 31, 2011, are as follows:

Year	Amount
2012	\$ 270,875
2013	276,818
2014	286,039
2015	298,696
2016	315,671
Thereafter	1,856,749
Total	\$ 3,304,848

The Center's credit agreement with the U.S.D.A. contains a certain covenant that requires a minimum amount of restricted cash at the end of each fiscal year. As of May 31, 2011 and 2010, the Center has met the requirements for this covenant.

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 8. Operating Leases

The Center has commitments on one lease agreement for space rental as of May 31, 2011, as follows

Location in Louisiana	Lease Expiration	Monthly Payment
Central Tangipahoa Head Start	September 2024	\$ 2,000

Total lease expense included in occupancy expense in the accompanying financial statements for obligations under this lease and other month-to-month leases is \$39,608 and \$49,098, for the years ended May 31, 2011 and 2010, respectively

Annual lease commitments required in future years as of May 31, 2011, are as follows

Year	Amount
2012	\$ 24,000
2013	24,000
2014	24,000
2015	24,800
2016	25,200
2017-2021	128,000
Thereafter	88,000
Total	\$ 338,000

Note 9 Capital Leases

The Center has a commitment on a lease agreement for a copy machine as of May 31, 2011. The asset held under capital leases is included in property and equipment as follows

Equipment	\$ 42,476
Less Accumulated Depreciation	(21,238)
Total	\$ 21,238

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 9. Capital Leases (Continued)

Annual lease commitments required in future years as of May 31, 2011, are as follows

Year	Amount
2012	\$ 8,455
2013	8,455
2014	<u>2,114</u>
Total	<u>\$ 19,024</u>

Note 10. Restrictions on Assets

All assets acquired with Department of Health and Human Services funds are owned by Regina Coeli Child Development Center while used in the Head Start program for which they were purchased. The Department of Health and Human Services, however, has a reversionary interest in the assets purchased with grant funds, which includes all assets reported as fixed assets. Therefore, the disposition of these assets, as well as the ownership of any sale proceeds, is subject to the funding source requirements of the Department of Health and Human Services.

Note 11. Contingencies

On January 30, 1998, the Center executed a cooperative endeavor agreement with the Louisiana Board of Trustees for State Colleges and Universities. Pursuant to the agreement, the Center receives the use of land for its center located on the campus of Southeastern Louisiana University at no cost for a term of fifteen years. At termination of the agreement or upon default of the Center, the buildings at that location would have to be relocated.

Note 12. Uncertain Tax Positions

All tax returns have been appropriately filed by the Center. The Center recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Center's tax filings are subject to audit by various taxing authorities. The Center's open audit periods are 2008 through 2010. Management evaluated the Center's tax position and concluded that the Center has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 13 Insurance

As of May 31, 2011, the Center has the following insurance coverage

Insurer	Policy Expiration Date	Type of Coverage	Amount of Coverage
Arch Insurance Company	06/11	Business Auto	
		Bodily Injury	\$ 1,000,000
		Uninsured	1,000,000
		Medical Expense	5,000
		General Liability	
		Aggregate	\$ 3,000,000
		Personal/Advertising	1,000,000
		Each Occurrence	1,000,000
		Fire Damage	100,000
		Medical Expense	5,000
		Commercial Property	
		Buildings	\$ 25,111,000
		Contents	5,390,000
		Improvements	750,000
		Fences/Outdoor Equipment	319,500
New Hampshire Insurance Co	04/12	Flood Insurance - Building	
		Hammond Head Start	\$ 500,000
		Robert Head Start	500,000
	08/11	Robert Warehouse	100,000
		Slidell/Pearl River Head Start	500,000
		Slidell Head Start	500,000
	01/12	Lacombe Head Start	500,000
		Flood Insurance - Contents	
		Hammond Head Start	\$ 92,600
		Robert Head Start	281,500
Lloyd's of London	11/11	Robert Warehouse	50,000
		Slidell/Pearl River Head Start	400,000
		Slidell Head Start	150,000
		Lacombe Head Start	157,500
		Directors' and Officers' Liability	\$ 2,000,000
Fidelity and Deposit Co of Maryland	09/11	Employee Dishonesty	\$ 300,000
	06/11	Employee Retirement	300,000
National Union Fire Insurance Co	06/11	Student Accident	
		Accidental Death	\$ 10,000
		Accidental Dismemberment	10,000
		Accidental Medical	50,000
		Aggregate	50,000
		Accidental Dental	\$250 / tooth

REGINA COELI CHILD DEVELOPMENT CENTER

Notes to Financial Statements

Note 14 Discontinuance of Migrant Head Start

During the year ended May 31, 2011, the Center discontinued the operation of Migrant Head Start. The only effect this discontinuance had on the financial statements was related to the disposal of assets associated with Migrant Head Start. The Center incurred a loss on the disposal of these assets of \$255,114. This loss is shown as an extraordinary item on the statement of activities for the year ended May 31, 2011.

Note 15. Correction of an Error

The accompanying financial statements have been restated to correct an error made in the year ended May 31, 2010. The adjustment increases change in net assets for the year ended May 31, 2010 by \$186,113. The adjustment is related to the purchase of a fixed asset in that year that was incorrectly expensed and not capitalized.

Note 16. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 6, 2012, and determined that the following event occurred that required disclosure:

Subsequent to year end, the construction loan payable discussed in Note 6 was converted to a mortgage payable.

Also subsequent to year end, the Center closed their Ascension center location.

No subsequent events occurring after the date above have been evaluated for inclusion in these financial statements.

SUPPLEMENTAL INFORMATION

REGINA COELI CHILD DEVELOPMENT CENTER
Schedule of Expenditures of Federal Awards
For the Year Ended May 31, 2011

Federal Grantor	CFDA Number	Grant Period	Grant Contract or Award Number	Total Grant Award	(Accrued) Deferred Revenues 5/31/10	Cash Received	Revenues Recognized	Expenditures	(Accrued) Deferred Revenues 5/31/11
U S Department of Agriculture									
Child Care Food Program									
(Passed through the Louisiana Department of Education)	10 558	6/1/10 to 5/31/11	N/A	\$ 1 189,380	\$ (232,086)	\$ 1 331 478	\$ 1 189 380	\$ 1 189 380	\$ (89,982)
U S Department of Health and Human Services									
Head Start - Major Program	93 600	6/1/10 to 5/31/11	06CH6007/41	11,944,773	(595,457)	11,794,903	11,931,008	11,931,008	(731,562)
The American Recovery and Reinvestment Act of 2009 (ARRA)									
Head Start - Major Program	93 708	6/1/10 to 5/31/11	N/A	167,629	(44,508)	212,137	167,629	167,629	-
Early Head Start - Major Program	93 709	6/1/10 to 5/31/11	N/A	1 831 150	(59 439)	1,718,897	1 831,150	1 831,150	(173 892)
Migrant Head Start - Major Program (Passed through the Community Action Program for Central Arkansas)	93 600	2/1/11 to 1/31/12	90CM0101	663,914	-	663 914	663 914	663 914	-
	93 600	2/1/10 to 1/31/11	90CM0101	-	(329 316)	329 316	-	-	-
Total Department of Health and Human Services					(1 028 720)	14,716 967	14,593,701	14 593,701	(805 454)
Total Federal Grants					\$ (1 280,806)	\$ 18,048,445	\$ 15,783,081	\$ 15,783,081	\$ (995,442)

See accompanying notes to schedule of expenditures of federal awards

REGINA COELI CHILD DEVELOPMENT CENTER
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended May 31, 2011

Notes to Schedule of Expenditures of Federal Awards

Note 1. Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is a summary of the Center's federal award programs presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America

Note 2. Community Facilities Loans

As of May 31, 2011, Regina Coeli Child Development Center had a loan outstanding to the U S Department of Agriculture as follows

Livingston Center	<u>\$ 530,251</u>
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The above loan is not included in the schedule of expenditures of federal awards because there are no related compliance requirements other than timely payment and the requirement of certain restricted cash as described in Note 7 to the financial statements

REGINA COELI CHILD DEVELOPMENT CENTER
Schedule of Board Members
For the Year Ended May 31, 2011

Board Member	Compensation	Board Member	Compensation
Shannon Anderson Lascaro P O Box 591 Amite, LA 70422 (985) 748-4414	\$ -0-	Dennis E James, CPA 401 East Thomas Street Hammond, LA 70401 (985) 345-6262	\$ -0-
Eric R Bissel 227 N Columbia Street Covington, LA 70433 (985) 893-9489	\$ -0-	Dr Jean Krieger, Ph D 107 Pine Lane Mandeville, LA 70471 (985) 624-3529	\$ -0-
Mary Booker 1344 West Hall Slidell, LA 70460 (985) 445-3008	\$ -0-	Alex Kropog 30165 George White Road Holden, LA 70744 (225) 294-5732	\$ -0-
Linda Coleman 1094 McDaniel Road Amite, LA 70422 (985) 517-6417	\$ -0-	Kathi Legg 15569 E Hoffman Road Ponchatoula, LA 70454 (985) 543-4165	\$ -0-
Ada Ruth Courtney P O Box 441 Tangipahoa, LA 70465 (501) 425-0301	\$ -0-	Hildra Martin 2624 S Columbia Road Bogalusa, LA 70427 (985) 732-4052	\$ -0-
Darlene Hazelwood 20104 P Spencer Road Franklinton, LA 70438 (985) 839-3067	\$ -0-	Catherine Faciane 35570 East Doucette Road Slidell, LA 70460 (985) 643-7696	\$ -0-
Victor Doucette 32140 Bayou Paquet Road Slidell, LA 70458 (985) 643-8971	\$ -0-	Dr Carol Torrey 350 Hyacinth Lane Mandeville, LA 70471 (985) 626-1168	\$ -0-
Dr Cynthia Elliott 2230 Oleander Baton Rouge, LA 70806 (225) 921-6408	\$ -0-	Darnell Nettles P O Box 452 Holden, LA 70744 (225) 567-9298	\$ -0-



LaPorte, APAC
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Regina Coeli Child Development Center
Robert, Louisiana

We have audited the financial statements of Regina Coeli Child Development Center, a non-profit organization, as of and for the year ended May 31, 2011, and have issued our report thereon dated February 6, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Regina Coeli Child Development Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Regina Coeli Child Development Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Regina Coeli Child Development Center's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Regina Coeli Child Development Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs.

The Center's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Center's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the finance committee, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script, appearing to read "LaPorte".

A Professional Accounting Corporation

February 6, 2012



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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Regina Coeli Child Development Center
Robert, Louisiana

Compliance

We have audited the Regina Coeli Child Development Center's (the Center) compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Regina Coeli Child Development Center's major federal programs for the year ended May 31, 2011. Regina Coeli Child Development Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Regina Coeli Child Development Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Center's compliance with those requirements.

In our opinion, Regina Coeli Child Development Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2011.

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Internal Control Over Compliance

Management of Regina Coeli Child Development Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Center's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Regina Coeli Child Development Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the finance committee, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

February 6, 2012

REGINA COELI CHILD DEVELOPMENT CENTER
Schedule of Findings and Questioned Costs
For the Year Ended May 31, 2011

A. Summary of Audit Results

Financial Statements

- | | |
|--|-------------|
| 1) Type of auditor's report | Unqualified |
| 2) Internal control over financial reporting | |
| a Material weaknesses identified | None |
| b Significant deficiencies identified not considered to be material weaknesses | None |
| c Noncompliance material to the financial statements | Yes |
| 3) Management letter comment provided | No |

Federal Awards

- | | |
|--|-------------|
| 4) Internal control over major programs | |
| a Material weaknesses identified | None |
| b Significant deficiencies identified not considered to be material weaknesses | None |
| 5) Type of auditor's report issued on compliance for each major program | Unqualified |
| 6) Audit findings disclosed that are required in accordance with OMB A-133, Section 510(a) | None |
| 7) Identification of major programs | |
| 93 600 - Head Start | |
| 93 600 - Migrant Head Start | |
| 93 708 - ARRA - Head Start | |
| 93 709 - ARRA - Early Head Start | |
| 8) Dollar threshold used to distinguish between Type A and B programs | \$450,883 |
| 9) Auditee qualified as a low-risk auditee under OMB A-133, Section 530 | Yes |

REGINA COELI CHILD DEVELOPMENT CENTER
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended May 31, 2011

B. Findings Related to the Financial Statements

2011 - 1 Timely Filing of Audit Report

<i>Issue</i>	For the year ended May 31, 2011, the audited financial statements were not submitted to the Louisiana Legislative Auditor until February, 2012
<i>Criteria</i>	Louisiana Revised Statute (LRS) 39 72 1 requires an audit or review report prepared by a licensed certified public accountant to accompany annual financial statements that should be filed with the Louisiana Legislative Auditor within six months of the close of the entity's fiscal year
<i>Effect</i>	Non-compliance with state law
<i>Cause</i>	The Center's accounting staff required additional time to close its books due to reporting requirements of the Center's ARRA grants
<i>Recommendation</i>	Management should ensure that books are closed timely in order to meet the deadline for submission to the Louisiana Legislative Auditor
<i>Management's Response</i>	The ARRA grants will be closed out in early 2012 Management will ensure that books are closed timely to meet the deadline as required by state law

C. Findings and Questioned Costs Related to Major Federal Award Programs

None

REGINA COELI CHILD DEVELOPMENT CENTER
Summary Schedule of Prior Year Findings and Questioned Costs
For the Year Ended May 31, 2011

None